

A Relationship Under Extreme Duress:

U.S.-China Relations at a Crossroads

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To Mark the Fortieth Anniversary of the
Normalization of U.S.-China Diplomatic Relations

The U.S.-China relationship is confronting its most daunting challenge in the forty years since the two countries established diplomatic ties. Current trends portend steadily worsening relations over the long term, with increasingly adverse consequences for all actors involved. Specifically, Beijing and Washington are transitioning from a sometimes contentious yet mutually beneficial relationship to an increasingly antagonistic, mutually destructive set of interactions. The often positive and optimistic forces, interests, and beliefs that sustained bilateral ties for decades are giving way to undue pessimism, hostility, and a zero-sum mindset in almost every area of engagement.

Both sides bear responsibility for this pervasive deterioration, but at present the United States under President Donald Trump is unquestionably contributing most publicly to it, primarily through its ill-considered rhetorical and other overreactions to perceived Chinese misbehavior. While nothing about this degenerating relationship is inevitable (despite the uninformed alarmist predictions of doomsayers on both sides), the threat of an even more precipitous and dangerous decline in the relationship is very real and demands serious corrective measures to avert a potential catastrophe.

To understand how we have reached this point and how to put the Sino-American relationship on a more positive path, analysts first need to dispel the simplistic and largely negative misconceptions about the past that predominate today, especially in the United States. Next, observers need to grasp the highly adverse structural and attitudinal trends driving the current negative dynamic, the serious dangers these trends pose for both countries and the world (including the possibility of a new Cold War), and the high stakes involved in correcting or mitigating them. From that vantage point, policymakers may better discern which actions each side must take to stabilize and strengthen the relationship for their mutual benefit.

Forty Years of Benefits and Challenges

Since January 1979, the U.S.-China relationship has witnessed enormous levels of

both positive and negative change, yet most often these changes have been beneficial. On the positive side, the two nations have developed a mutually productive array of ties and interactions in a growing multitude of areas, from trade and investment to social and cultural exchanges, as well as common initiatives for dealing with global threats such as climate change, WMD proliferation, and pandemics.

In the process, China has become vastly more integrated with the rest of the international community; more observant of international laws, norms, and procedures; and more open to a much greater level of social, economic, and political influence than ever obtained prior to 1979. For serious students of the history of U.S.-China relations before and after normalization, there is simply no question that, despite recent setbacks in some areas discussed below, Beijing has made enormous strides largely as a result of its opening to the outside and its adoption of market-based economic development. These advances have introduced greatly increased standards of living, improved social infrastructure, wider freedom to travel and express a variety of views, and more openness to foreign influences of all sorts. At many intervals along the way, understandings between Washington and Beijing in particular have provided a major impetus for such Chinese gains.

Today, within the Washington policy community and the Trump administration, one often hears the mistaken assertion that China's progress over the last forty years has come at America's expense. On the contrary, these advances have tangibly

benefitted the United States and many other countries. China's reform-driven development has contributed substantially to overall global growth, most notably during recessions like the 2008–2010 downturn when the U.S. economy was in dire straits. U.S. traders and investors who engage with China have made significant profits for their shareholders in the United States and elsewhere. Until the Trump Administration made the destructive decision to withdraw from the Paris Climate Accord, Beijing and Washington had cooperated to pursue benefits not only for themselves but for the world in curbing climate change. Moreover, even though Beijing has certainly stolen U.S. technology in various areas, Chinese investments in, and technical exchanges with, the United States contributed greatly to the development of cutting-edge technologies in Silicon Valley and beyond, and still do. Americans have also obtained economically priced and increasingly well-made products designed, assembled, or manufactured in China. And Beijing has over the years provided critical diplomatic and political assistance, albeit not always as much as Washington has desired, in addressing such global problems such as terrorism, WMD proliferation, humanitarian assistance/disaster relief, and pandemics.

Finally, for nearly two decades prior to 1989, the United States benefitted from close military and security cooperation with Beijing directed at their common adversary, the Soviet Union. This strategic alignment directed at Moscow was one of the main reasons for establishing U.S.-China diplomatic relations, along with Washington's desire to fully integrate Beijing into the international community, and tap into the country's enormous potential market. And despite today's oft-heard refrain, U.S.

engagement with Beijing was never predicated on the expectation that it would inevitably produce a politically democratic China. At most, some U.S. leaders hoped for (but did not require) greater levels of largely undefined liberalization in many spheres.

None of the above positive outcomes for the United States and the world would have occurred if Washington had clung to the adversarial posture toward Beijing that began with the establishment of the People's Republic of China in 1949 and continued for the ensuing two decades. Nor would they have occurred if the United States had limited its diplomatic opening in the 1970s and 1980s to a few narrow areas of military cooperation and assistance.

On the negative side, a number of challenges and setbacks have also accompanied the many advances. Since the two sides established full diplomatic relations in 1979, Beijing and Washington have differed significantly over the handling of many critical issues, in ways that often reflected their differing political systems, the legacy of hostility and conflict resulting from the Korean War and the Cold War, and their contrasting political and social cultures and beliefs. These policy divergences included the handling of volatile disputes over regional sovereignty and security issues such as Taiwan, controversial maritime claims along China's periphery, and the Korean Peninsula. They have extended as well to disputes over reciprocity and fairness in trade and investment, cyber and other forms of espionage, human rights practices within and beyond China, and other international laws and global norms.

Many of these differences have existed since 1949. Others emerged or gained greater currency as normalization unfolded, and still others came about only after China's development and impact on Asia and the world reached massive proportions in the early 2000s. For the most part, however, until recent years, these differences, while generating significant temporary downturns in the relationship (usually following disruptive or unexpected actions such as the Tiananmen Square massacre of 1989), did not fundamentally alter the underlying strategic, economic, and political interests of both countries in maintaining workable and productive relations

In fact, by the advent of the twenty-first century, it had become clear that, in addition to the above long-standing bases for a strong U.S.-China relationship, a range of new or greatly increased, largely international challenges and opportunities had emerged to reinforce both countries' interest in preserving cooperative relations. These included unprecedented levels of interdependence among the U.S., China, and many other states resulting from the accelerated globalization of economic, technological, and social exchanges, and the equally unprecedented emergence of nontraditional threats, such as climate change, environmental degradation, global pandemics, terrorism, and transnational crime. It became increasingly clear that the United States and China could not effectively deal with such deeply-rooted problems on their own, or even bilaterally. Successful management would require truly international forms of cooperation, guided largely

by those nations with the most wealth, resources, capabilities, and intellectual capital, namely the West led by the United States, and both China and Japan.

Challenges Become Hostilities: The Impact of Chinese Repression, American Hyper-Nationalism, and a Shifting Power Balance

Unfortunately, the positive momentum in the relationship has not lasted. While new challenges and opportunities initially served to justify and compel greater U.S.-China cooperation in the first decade of the new century, three other major unprecedented negative sets of trends, both domestic and international, also appeared around the same time. These trends greatly aggravated the differences between the United States and China and eventually overshadowed the many positive factors at work in the relationship.

The first trend emerged in the 1990s and 2000s and produced two serious negative outcomes: severe damage to Beijing's reputation in the West, which undermined expectations of China's continued reform and opening, and a deepening of Chinese suspicions of the United States and other democracies. These developments stemmed from Beijing's response to three major challenges to CCP rule: the collapse of communist and authoritarian states, caused in part by the explosion of rapid, internet-based forms of communication with freer societies; the emergence of unprecedented levels of corruption and socioeconomic disorder in China in the 2000s, largely as a result of decades of market-led, rapid economic growth and the failure to develop an effective legal system; and more dangerous forms of domestic

terrorism and unrest, occurring primarily in the ethnic minority areas of Tibet and Xinjiang.

This triple threat to CCP rule greatly heightened the insecurities of China's leaders, prompting efforts to purge the party ranks, strengthen overall party controls throughout Chinese society, and increase the economic role of the state. Those changes began during the Jiang Zemin and Hu Jintao eras but have intensified greatly under Xi Jinping. Most recently, such perceived threats to the Party's leadership have caused Xi to build up his personal position within the party, thus undermining the gradual evolution of the Chinese political system toward a more predictable, collective, and institutionalized pattern of rule.

As a result of Beijing's actions, China's image among democratic states, already damaged by the Tiananmen Square massacre of 1989, declined much further, as did Western confidence in China's commitment to pursue continued growth through greater opening, marketization, and support for the rule of law. To compound this blow to the relationship, Chinese leaders have become more deeply suspicious of Western (and especially U.S.) views and policies toward China. Indeed, by the mid-1990s, the CCP leadership concluded that Washington and other democratic nations had contributed decisively to the collapse or weakening of one-party systems elsewhere and might be seeking similar ends for the PRC regime. Such fears and suspicions were magnified by the long-standing, deeply rooted sense of resentment toward the West many Chinese feel as a result of China's so-called "Century of

Humiliation.”

A second set of highly negative trends that emerged in the 2000s involved domestic developments in the U.S. and the West, adding more suspicions on both sides while also emboldening China’s leaders in potentially dangerous ways. Specifically, the 2008 global recession, the deepening polarization of American society, and the resulting near-paralysis of the U.S. political system in dealing with critical domestic issues such as ballooning health care and entitlement costs and huge government deficits created two negative consequences for the U.S.-China relationship.

One is that many Chinese leaders somewhat tentatively concluded that the United States had likely entered a period of systemic decline in which America’s ability to challenge or “contain” China’s rise would drop significantly, and the American model of pluralist democracy and market-led economic growth would gradually lose its lustre.

This dual perception has strengthened the outlook of those within the Chinese leadership, including Xi, who support a more confident use of China’s growing economic and military capabilities to push back against Washington’s supposed containment efforts and more vigorously defend or advance Beijing’s expanding interests overseas. This approach has largely eclipsed the long-standing emphasis of the Deng Xiaoping era on maintaining a relatively low international profile. It has given greater license to those within China who prefer to give vent more vigorously

to long-held resentments against the West, or against so-called “hostile Western forces,” usually referring to the United States.

Even more worrisome, in the United States and other Western countries, worsening domestic economic and social problems--exacerbated by the unprecedented surge of both legal and illegal non-white immigrants into Europe and the United States that began in the 2010s---have led to the emergence of chauvinistic forms of nationalism hostile to China and other countries. According to the line of thinking currently so prominent in American politics, the globalization of economic and social systems, most acutely manifested by Beijing’s conspicuous economic impact on Americans’ daily lives, lies at the root of growing domestic economic inequality, job losses, social injustice, weakened national sovereignty and threatened cultural identity.

In the United States, such hyper-nationalism is reflected most distinctively in the extremist views of President Trump. He has criticized U.S. politicians and global corporations for selling out U.S. workers, and the national interest in general, by their support for unfair multilateral trade agreements and by moving manufacturing facilities to foreign countries. Most notably for U.S.-China relations, Trump and his supporters have singled out China for special denunciation when they blast a range of other countries as economic predators or cheaters that aim to enrich themselves at America’s expense.

A third major factor contributing to the overwhelming negative dynamics emerging in U.S.-China relations is China's very rapid growth, which has passed certain key thresholds. Over the last eighteen years, China has become the largest trading power in the world, surpassed the Japanese economy to become the second largest economic power overall, become a major source of innovation in key high-tech sectors, accumulated massive foreign exchange reserves, and transformed its military from a defense-oriented force focused mainly on the homeland and Taiwan to a more expansive, sophisticated force capable of operating at significant distances from China.

While contributing to global growth and the rise of living standards in many countries, the systemic changes arising from these developments have enhanced Chinese confidence abroad while greatly stoking American fears. By some measures, China is now poised to equal America's military footprint in the Western Pacific, which would effectively end seventy years of U.S. maritime dominance in that critical region. In addition, Beijing is using its economic resources to create what it hopes will become a vast network of interlinked economic structures and relationships extending from China to Europe and Africa via both land and maritime routes, the so-called Belt and Road Initiative (BRI). It is also supporting or leading a variety of other multilateral and bilateral economic and security initiatives---such as new investment banks, Asian economic associations, and strategic partnerships with U.S. friends and adversaries alike---that could significantly shape the contours of the international system in new directions. Further, as mentioned above, China is

more assertively advancing, by economic, political, and military means, its claims to disputed areas along its maritime periphery from Northeast to Southeast Asia, thus alarming many nearby states.

Chinese confidence and assertiveness has increased, but certain more pessimistic Chinese sentiments have surfaced as well, providing more fuel for the fears of American hyper-nationalists. In recent years, slowing growth and rising wages have intensified worries among Chinese economic policy specialists about the so-called “middle income trap.” This has produced a policy consensus regarding the urgency of transforming China’s economy from a labor-intensive to a more competitive, innovation-driven economic model. That, in turn, seems to underlie China’s present very conspicuous efforts to propel China into the top ranks of high-tech nations at the fastest possible pace, by fair means or foul.

For instance, while spending billions of dollars on legitimate research and development, some Chinese entities now also engage in unprecedented levels of cyber espionage, physical theft, coercive contract arrangements, and other underhanded efforts to obtain cutting-edge technologies. While certainly not justifying the blanket label of “economic predator” applied by the Trumpists (see below), these activities, along with perceived “unfair” protections of Chinese domestic industries, have significantly aggravated relations with more developed, rule-of-law-based nations such as the United States. Of particular note, they have contributed greatly to the general souring of attitudes toward the China market

evident among many U.S. businesses, thus weakening a major historical pillar of strong U.S.-China relations.

A Relationship Adrift and Taking on Water

As a result of all the negative changes outlined above, the common (and in some areas growing) strategic logic, economic incentives, and societal ties that long anchored the U.S.-China relationship in the past are today rapidly disintegrating under a tidal wave of growing mutual suspicion, faulty interpretations, worst-case assumptions about motives, and zero-sum policy calculations. Although this is happening in both Washington and Beijing, it is at this time particularly evident in the United States.

American policy under Trump has turned its back on the shared Chinese and American interest in combating common transnational threats such as climate change, and has withdrawn from or undermined potential mechanisms (such as the Trans-Pacific Partnership and a revised World Trade Organization agreement) for more effectively managing bilateral and multilateral economic problems. Instead, the Trump administration has adopted crude, sledgehammer-like economic policies (centered on the imposition of legally questionable tariffs) to force Beijing to submit to fully open its markets and eliminate state involvement in the Chinese economy.

Even more ominously, Trump Administration strategy statements like the 2017 U.S.

National Security Strategy, the 2018 Summary of the National Defense Strategy, and the so-called U.S. “Free and Open Indo-Pacific Strategy” explicitly label China as a fundamental, existential threat to Western interests. These statements allege that Beijing is plotting to build a revisionist, Sino-centric world order fundamentally incompatible with the U.S.-led liberal international system.

To support this distorted viewpoint and justify its draconian actions, U.S. officials, with the implicit endorsement of too much of the overly accepting American media, now depict Beijing as a proponent of “debt-trap diplomacy” involving the use of loans to subjugate developing states; as a vigorous practitioner of destructive predatory trade and investment practices toward the United States and others; and as a nation aiming to dominate Asia-- and eventually the world-- by a combination of economic and military means.

In truth, these accusations grossly inflate and oversell genuine American and Western concerns rooted in observable facts. For example, while several recipients of Chinese infrastructure and development loans face serious repayment problems often due to reckless and inexperienced practices on both sides, there is no conclusive evidence that China is intentionally seeking to drive countries into debt problems to gain control over their assets, policies, etc. Proponents of the debt trap diplomacy argument generally base their conclusion on a single case — Hambantota Port in Sri Lanka — while ignoring the other tools China uses to deal with bilateral debt problems. And even in that case, there is no publicly available information

indicating that, when the Export-Import Bank of China made its first loan to Sri Lanka to support this project, the ultimate purpose was to help China gain a concession to develop and operate the port.

Similarly, the charge that Beijing is a “predatory” and “mercantilistic” economic power places a simplistic, distorting label on a much more complex reality. Yes, China’s government excessively supports many industries, steals technology, and limits access to many domestic markets. These are problems that, although by no means unique to China, need addressing forthrightly. Yet they should not obscure the fact that China is absolutely not a non-market economic power. The core of its economy remains driven by a huge number of privately-owned, market-driven small and medium-sized enterprises and the majority of its exports are produced or assembled by foreign corporations or joint Chinese-foreign ventures. Moreover, if China were a purely predatory economic power, it would not be the largest single contributor to global growth since 2008, according to the World Bank.

Thirdly, despite constant repetition by officials and pundits alike, there is no substantive evidence that Beijing is pursuing a deliberate strategy to dominate Asia and the world militarily and overturn the existing global order. Beijing is certainly acquiring military capabilities that undermine America’s long-standing predominance in that realm, most notably (and almost exclusively) in the Western Pacific. And it at times uses its military and para-military power to intimidate other claimants to disputed maritime territories in the East and South China Seas. Yet the

former behavior is a perhaps understandable response to Beijing's desire to reduce the continued vulnerability of its growing domestic and foreign assets to America's still-dominant power, not proof of a belligerent intent to take over the region (although this could change if the current rivalry deepens greatly). The latter behavior is certainly very troubling, but speaks to the need for a binding code of conduct that prohibits such actions, along with limits on specific types of militarization in sensitive areas. Beijing has shown no signs that it would reject either development; to the contrary, it has professed some support for them and should be pressed more to back up its words with concrete actions. The U.S. should do the same.

Finally, the idea that China wants to overturn the global order is perhaps the most distorted accusation of all. Beijing has benefitted enormously from the post-WWII economic order. It also has taken advantage of that order in at times unacceptable ways and seeks to modify it to better reflect its growing influence. This suggests the need to adapt existing institutions such as the WTO and IMF to more reasonably reflect China's expanding global impact while providing clearer, more comprehensive and enforceable rules of behavior acceptable to all powers. Beijing is certainly not a proponent of pluralist liberal democracy and in that sense does not support regional or global norms or practices designed to expand such systems internationally. But it is far from clear that the continued expansion of democratic systems is essential to the maintenance of the global order. Indeed, in addition to supporting to varying degrees the major economic pillars of that order as noted

above, China in fact supports many others, including WMD non-proliferation agreements, efforts to protect against nontraditional security threats such as terrorism, pandemics, climate change, and international crime, and many tenants of the UN Charter, e.g., regarding the restrictive use of force to resolve inter-state disputes. This is hardly evidence of a desire to replace the existing order with a largely undefined “revisionist’ order, as Washington now alleges.

Lacking conclusive evidence for the overblown, categorical condemnations they tend to fashion, the Trump administration, its supporters, and some individual scholars or analysts seek to buttress their accusations with arm-waving references to the general history of rising powers, realpolitik theories of anarchic struggle among power-maximizing states, or assumptions about foreign policy behavior based almost solely on a state’s political system.

Ignoring the obvious benefits accruing from the balanced U.S. China policy of the past, the Trump Administration, many Republican and Democratic members of Congress, and some China experts, have endorsed a new, highly distorted narrative of a failed American policy of concession, weakness, and dashed expectations that has allegedly permitted Beijing to undermine U.S. interests at almost every turn. Although U.S. policymakers have certainly made mistakes over the past forty years, as indicated above, the history of U.S.-China relations since diplomatic normalization belies this distorted viewpoint. China and the United States have not always agreed, and they have sometimes sharply diverged, but they have

nevertheless managed to work together to strengthen the regional and global economy during difficult times, apply pressure on aspiring nuclear weapons states such as Iran and North Korea, and deal with a growing variety of transnational threats. The idea of a failed U.S. policy line provides a simple, seductive story for posturing politicians, ambitious former officials, and iconoclastic Trumpists looking for ways to blame America's ills on both the incompetence of past administrations and, of course, the "treacherous" Chinese.

While current U.S. policies are most at fault for driving the current downward spiral in U.S.-China relations, Beijing is far from blameless. As suggested above, in recent years, and especially under Xi, Chinese propaganda has become more hostile toward supposed foreign threats to domestic stability and prosperity. Chinese officials at many levels are now more assertive in cautioning the public about interactions with foreigners. In addition, the overall expansion of intrusive Chinese government surveillance within China is extending to foreign business leaders, NGO staff, and students. And Beijing is now resorting to truly outrageous attempts to control domestic unrest in ethnic minority areas by placing hundreds of thousands of its own citizens in so-called "reeducation and training" camps, in violation of Chinese laws and processes. All of these actions contribute to the growing climate of suspicion and hostility in the relationship. The Chinese government only worsens this situation by denying the legitimacy of virtually all criticisms of its behavior while mouthing simplistic, self-serving slogans and platitudes, such as repeated references to China's peaceful intentions, its purely defense-oriented security

strategy, and its commitment to “win-win” outcomes with all nations. Such propagandistic emanations simply heighten U.S. suspicions and hyperbole and undercut the arguments of those seeking a more fact-based, pragmatic relationship.

In sum, the U.S.-China relationship is now not merely adrift, without a strong anchor. It is taking on water. Worse yet, some on board seem to be arguing that it should be allowed to sink.

Looking to the Future: The Possibility of More Serious Crises and a Destructive New Cold War

Amid this dangerous downward spiral, both Beijing and Washington have fewer incentives to undertake meaningful confidence-building measures, much less seek out areas of mutual accommodation and restraint. On the contrary, this state of affairs inclines both sides to rely more heavily on military and other coercive means to signal the firmness of their resolve. It heightens sensitivities to perceived challenges, both real and imagined, thereby increasing the possibility of truly dangerous crises, even over relatively minor disputes. The danger of such crises is most evident in the Western Pacific, where China’s growing military and economic strength and the presence of several volatile points of contention between the two powers (from Korea and Taiwan to the South China Sea) could result in otherwise avoidable miscalculations, as each side seeks to push back against perceived tests of its determination.

Indeed, in the absence of serious and sustained efforts to moderate this current ugly dynamic, the chances of a significant political-military crisis in the not-too-distant future are increasing. This could take many forms. Beijing could decide that what it regards as aggressive U.S. containment and “pushback” efforts justify unprecedented displays of Chinese determination, in the form, for example, of the permanent deployment of military forces on its artificial islands in the South China Sea and the declaration of a corresponding air-defense identification zone (ADIZ). For its part, Washington could decide that it needs to augment radically its deterrence capacities regarding Taiwan by allowing U.S. warships to visit the island on a regular basis. Worse, it could take steps to block improvements in cross-strait relations so as to ensure that a now “strategically valuable” Taiwan remains separate from mainland China. This would be a direct violation of Washington’s long-standing One China policy that has ensured peace with Beijing for forty years.

For some misguided proponents of a supposedly more realistic, adversarial relationship, such crises would presumably serve a positive function by strengthening public and elite determination to push back against the other side. In the U.S., such individuals seem to believe that only the threat or actual implementation of a complete disengagement and containment effort against Beijing can generate the resources and strength of will necessary to prevent China from dominating the West and destroying the global order. Some advocates of this reckless and ill-conceived approach insist that its positive results will prevent the emergence of a new Cold War environment by forcing Beijing to submit to U.S.

demands.

In truth, such an approach would almost inevitably produce a new Cold War, especially if U.S.-Russia relations continue to worsen and Sino-Russian relations continue to improve. And such an environment would prove far more destructive than beneficial for all nations concerned. That is largely because U.S. and Chinese interests today are more compatible, and the fortunes of the two protagonists (and the world) more intertwined, than was ever the case during the original Cold War.

Unlike present-day Beijing and Washington, Cold War-era Russia and the United States were largely separated from one another economically, culturally, and socially. Few Russians lived and worked abroad, and few foreigners (beyond those from the Eastern Bloc) worked and lived in Russia. Moreover, economic exchange between the United States and the Soviet Union was minimal. Few countries relied heavily on Russia for prosperity and stability. Unlike Moscow then, Beijing today exerts major and deepening influence on countries both in Asia and around the globe. Its economic and technological advances are heavily intertwined with many nations in the West and beyond, and its military poses an increasingly credible challenge to U.S. military predominance in Asia, as noted above.

The huge potential risks and dangers inherent in the current situation are compounded by the fact that the United States is more insecure, less confident, more internally divided, and more dependent on the world now than it was during the

height of the Cold War. As a result, in a new Cold War, a stronger China would be more likely to overestimate its ability to outmaneuver and pressure the United States. By the same token, a more insecure yet still very strong Washington could prove more susceptible to overreaction than it was in the face of Soviet Cold War threats.

Taken together, these factors indicate that efforts by either or both sides to isolate or undermine the other in the spirit of the Cold War of the 1950s and early 1960s will produce major dangers for both countries and other nations. For that reason, many other capitals would resist attempts by Washington or Beijing to compel them to choose sides in a zero-sum struggle for dominance. The resulting disruption would severely undermine the world economy, cripple global and regional cooperation on many issues, and impel some nations to devote more resources to military defense instead of economic development. The net result of all this would be the increased likelihood of instability and crisis within nations, within regions, and ultimately across the globe.

The Path Back to a More Realistic, Productive Relationship

Given the above, there is little doubt that the U.S.-China relationship will be more contentious and intensely competitive for the foreseeable future than it has been at any time over the past forty years, regardless of who leads either country. That said, more intensely competitive interactions do not necessarily mean a sharply

confrontational, zero-sum relationship of the kind now favored by the Trump administration and likely advocated by some in China. There is an alternative to the emergence of what would amount to a new, extremely destructive Cold War.

The challenge for both sides is to develop a bilateral relationship that more realistically addresses the genuine (as opposed to imaginary or exaggerated) concerns of the other side while recognizing the very real, common reasons to cooperate effectively where needed. Despite the current downward spiral, incentives exist in Washington, Beijing, and other capitals to fashion what amounts to a middle path that rejects the self-destructive, worst case assumptions increasingly evident today along with the unrealistic belief that the relationship can somehow return to the more easily managed cooperative and competitive dynamics of the past.

Finding this middle path requires, first, serious efforts to put a floor under the current near-free fall in relations by minimizing the chances of highly escalatory crises occurring over inadvertent incidents or volatile issues, especially in Asia. This is particularly important given the increasing likelihood of such crises, as I have indicated above. Hence, more substantive confidence-building and crisis management measures are urgently needed. Track One and Track Two discussions have produced some notable successes in this area in recent years. But such exchanges have often focused too narrowly on the prevention or successful handling of purely military incidents or accidents, especially in the Track One arena. These

undertakings largely ignore or omit the larger (and arguably more relevant) civilian and civil-military political and structural decision-making context within which each nation's militaries operate. This larger context would be as critical a factor in determining the evolution and outcome of a future serious U.S.-China crisis as would purely military-to-military interactions.

The problematic features of the broader decision-making context of U.S.-China relations that need to be addressed in a frank and open crisis management dialogue include, among other things: a) destabilizing civilian and military leadership assumptions about the requirements for successful crisis stability and crisis deterrence, such as the need to seize the initiative early in a crisis; b) the use of misleading or vague forms of crisis signaling at all levels; c) confusion or ignorance in each country with regard to the other side's civil-military decision-making processes; and d) misconceptions about the level of control exercised by the other side over an allied third party. These critical features have been examined in Track Two discussions, but have apparently not been seriously explored on an official or semi-official basis. The growing levels of distrust and uncertainty in the relationship make it all the more imperative for the two countries to deal directly with these concerns.

A first step in this direction should be the formation of a senior-level U.S.-China civil-military dialogue on crisis avoidance and crisis management, using input from relevant Track Two activities. But for such a dialogue to occur, both sides will need

to step back from the current use of simplistic, demonizing slogans and self-serving platitudes to characterize the relationship. Instead, they must internalize the reality that, under current conditions, a serious political-military crisis between the United States and China has the potential to escalate to a major military conflagration.. Given this stark fact, each side must recognize that the other is not necessarily interested in provoking and manipulating a crisis to achieve a decisive advantage in the relationship and that any effort to do so would likely result in disaster. That recognition is essential for the initial good faith effort required to engage in a frank discussion of the potentialities of crisis mismanagement on either side.

Beyond the development of leadership crisis management understandings and skills, a serious and sustained senior-level crisis management dialogue, if undertaken with relatively open minds, could also have much broader positive consequences by increasing overall levels of understanding and perhaps even trust between Chinese and American leaders. Such changes in perception would have positive implications for U.S.-China interactions not only in those areas most directly associated with political-military crises, but in many other areas as well..

Indeed, the development of more effective crisis management and confidence-building measures could promote efforts to deal more frankly with the major issues of serious contention in the relationship, including trade and investment tensions, technology development issues, military deployments and intentions, the threats posed by domestic influence campaigns, and even human rights disputes. In each of

these policy areas, greater trust and understanding could facilitate less politicized efforts to discern the actual nature and extent of the differences between the two sides and the possible dimensions of any achievable middle-ground understanding. This would involve a willingness to “seek truth from facts” and, equally important, an acknowledgement that the criticisms of the other side, while in many cases greatly exaggerated, have some basis in truth.

A good first step toward a more honest, pragmatic description of U.S. concerns and desires regarding China in the economic arena was recently provided by former senior State Department official Robert Zoellick in a set of remarks given in Beijing. After describing a range of U.S. concerns in a nonconfrontational manner, he urged his Chinese audience not to assume a defensive posture, rely on economic autarky, or maneuver on a purely tactical level vis-à-vis the United States.¹ The same advice could also be given to U.S. officials.

While a serious crisis management dialogue and frank, constructive efforts to identify the possible middle ground on specific policy areas of contention can go a long way to placing the U.S.-China relationship on less volatile and more productive footing, a more fundamental course correction is necessary for the long term. The U.S.-China relationship needs to develop a new strategic narrative, one based on a realistic and feasible set of facts and assumptions about the changing capabilities, actions, and intentions on both sides. This is particularly needed in the Asia-Pacific,

¹ Robert Zoellick, "Try to Look Beyond Today's Quarrels," Brunswick Group, September 27, 2018, <https://www.brunswickgroup.com/try-to-look-beyond-todays-quarrels-i8484/>

where the sources of serious conflict are most present.

As I have written in *Creating a Stable Asia: An Agenda for a U.S.-China Balance of Power*, Beijing and Washington must eventually recognize that neither power will dominate this vital region in the future. The near-inevitable balance of power that will most likely emerge instead must be made stable to avoid the most serious outcomes discussed in this essay.² This can only happen on the basis of a common appreciation of the huge benefits that will accrue to both countries from: a) the cultivation of a single, integrated Asian economic system, rather than a set of mutually exclusive and competing sub-systems; b) effective crisis avoidance and management mechanisms and understandings regarding the region's most volatile hotspots; and c) a more defense-oriented, less escalatory set of common force postures and military doctrines. The strategic logic of such a stable, mutually beneficial balance of power will derive from the two nations' common need to continue receiving the obvious rewards the increasingly vital region offers. A steadily worsening relationship would inevitably put these benefits at risk.

Building some level of trust and understanding between Beijing and Washington through a serious crisis management dialogue, follow-on policy discussions, and ultimately a new strategic narrative seems inconceivable under current conditions.

It is possible, even likely, that leadership on both sides will need to change for real

² Michael D. Swaine, Wenyan Deng, and Aube Rey Lescure, *Creating a Stable Asia: An Agenda for a U.S.-China Balance of Power* (Washington, DC: Carnegie Endowment for International Peace, 2016), <https://carnegieendowment.org/2016/10/26/creating-stable-asia-agenda-for-u.s.-china-balance-of-power-pub-64943>

progress to occur. But the U.S.-China relationship has become too large, too interdependent and too vital to global political and economic stability for the two countries to lapse into a truly hostile relationship. The enormity of the potential consequences arising from avoidable errors reflects the reality today: the Sino-American relationship cannot and must not be allowed to rest on the kind of adversarial, zero-sum views we currently confront.

A more stable Asia, much less a more stable overall Sino-U.S. relationship, will not develop overnight. This transformation can only take place over a period of years, under the direction of experienced diplomats, business leaders, and military officers who possess a strong sense of the high stakes involved and a clear understanding of the dangers of allowing the corrosive status quo to continue. The result will not be a return to the past model of relations, but rather a set of interactions that is more competitive, more equally balanced, and yet still in many ways cooperative and mutually beneficial. Although undoubtedly more challenging to maintain than in the past, it is essential that both sides embrace and work together to bring about this more stable set of interactions. That is the only way to help ensure that the next forty years of the U.S.-China relationship are as mutually beneficial and conflict-free (despite the many challenges encountered) as the previous forty years have been.